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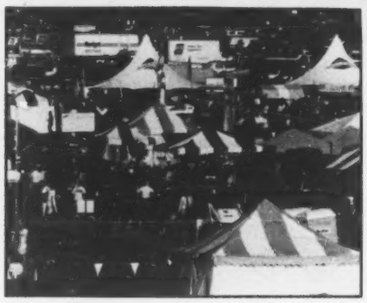
Lawn And Garden Expo • Industry Show Calendar

IMPLEMENT & TRACTOR

The Business Magazine of the Agricultural, Industrial & Outdoor Power Equipment Industry



VOLUME 106, NO. 6 JUNE-JULY 1991

DAVE CHANDLER, top photo, general manager, R.D. Offutt, Casselton, N.D., and Dave Meyer, bottom, general manager, Ransom County Implement, Lisoon, N.D., take different but successful approaches to winter work. See story on Page 6.

White Tractor Line Acquired By AGCO

By SCOTT NESBITT

IN A further shuffle of the North American agricultural machinery business, Allied Products Corp. has agreed to sell the tractor business, and only the tractor business, of its White-New Idea subsidiary to Allis-Gleaner Corp. (AGCO), parent of the Deutz-Allis farm machinery line.

Allied President and Chief Executive Officer Richard A. Drexler said sales of about $240 million are expected in 1991 from Allied's remaining agricultural operations, which will include New Idea products, the White planter and tillage tools, and Bush Hog and Kewanee shortline products.

Terms of the White tractor sale were not disclosed.

White-New Idea had been building the higher-horsepower tractor models sold in the Deutz-Allis lineup.

Robert J. Ratliff, Deutz-Allis president and chief executive officer, said his company also bought all dealer contracts, "along with all rights and obligations of the contracts."

Dealers for the 2 tractor lines will find some changes in operations, assuming the sale is agreed to by lenders who have given Allied Products a July 22 deadline to restructure the firm's credit and debt.

Allied had previously sold its White credit subsidiary and its South Bend (Ind.) stamping division, 1 of several subsidiaries in

(See WHITE, pg. 2)

Fiat's FNH Buyout Forms N.H. Geotech

By SCOTT NESBITT

FIAT GROUP of Italy announced on May 7 it had created a new holding company, N.H. Geotech n.v., to run the worldwide agricultural machinery operation business created with Fiat's acquisition of Ford New Holland.

Fiat, of Turin, Italy, will own 80 percent of N.H. Geotech, while Ford Motor Co., of Dearborn, Mich., will own 20 percent. The 2 firms had started the buyout process in December, 1990. The final block to the deal was U.S. Justice Department concern over possible concentration of power in the hay machinery business. That obstacle fell when Allis-Gleaner Corp. bought Fiat's interest in Hesston Corp., which competed with FNH products in the hay machinery market.

N.H. Geotech n.v. was incorporated in The Netherlands, but the headquarters office will be in London, England. The new firm will become 1 of the top 3 agricultural machinery concerns in the non-Communist world, competing with

(See FIAT, pg. 5)

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EDITOR'S NOTEBOOK

Why Don't They Count Our Tractors?

BY SCOTT NESBITT

HOW MANY tractors are built each year in the United States?

How often do farmers change the oil in their tractors and combines? What about oil filters, and air filters? And how much hydraulic oil do they use? How much hydraulic hose? How many nuts and bolts?

Those questions, and dozens of similar nature, come in each year to the editorial office of *Implement & Tractor*, and have come in since this magazine started about 105 years ago. And to most of them, we have to answer with that most difficult-to-utter phrase: "I don't know."

It's not that I don't want to know. I just haven't figured out how to get the information, and I don't expect it will ever be available through above-board channels. I prefer the above-board route, and frankly can't afford any other.

There are 2 major reasons why we can't give people the information they want about the farm machinery business, even though *I&T* has been around for more than a century and ought to know such things.

The first is that tractors and combines don't bear license plates in the United States. And there are no titles of ownership. That means there is no governmental "paper trail" other than the papers filed when someone takes a loan for a machine, and that doesn't include all machines, so it's not accurate.

This is in sharp contrast to the passenger car and truck business. The Motor Equipment Manufacturers Association and the manufacturers, both domestic and overseas, release copious amounts of data on their production and sales. This is needed because of import regulations, "gas guzzler" taxes, pollution control laws, etc., etc.

Non-licensing harkens back to an era when farmers controlled state legislatures. Another remnant of that farm-power era is that 14-year-olds can legally operate cars and trucks on public roads, presumably to help with planting and harvest.

The second reason is much more complex, and requires a simplified overview of a few thousand years worth of history.

When this continent was first settled, most farmers lived in houses that were on their farm. That arrangement made sense here in the New World, where there was a lot of land and very few people.

In Europe, way back when (like before writing was invented), people lived in villages with walls, for security. Serfs tilled the soil, but it was owned by lords, who didn't want squatters. Farm workers went out to their fields by day to tend their crops, then headed back to town before dark.

In the modern era, with owner-operator farmers, Europe has retained its village structure. Good farm ground is devoted to crops, and houses are clustered in villages situated on ground where crops won't thrive. An altogether sensible system.

Tractors got really popular over there after World War I. Because so many farmers and farm animals were killed in the fighting, mechanical power had to take up the work.

The farm fields and villages stayed where they were, of course, so that meant a lot of people ended up driving their tractors from the village to the farm for the day's work. That's why European-designed tractors tended to have longer wheel bases (for more comfortable ride) and higher road speeds than North American tractors.

That's also why Ford made so many of its early Fordson tractors in the United Kingdom after World War I. The factory was a lot closer to the market.

A second big war shook Europe and Asia, and that further cut the labor pool and forced more mechanization on farms. After that war, stability and prosperity boosted populations. Eating habits changed, with more meat and dairy products in the diet, just like Americans. Demand for grain increased, both for bread and pasta and as animal food. The tractor market boomed.

As North Americans became more European in their need for mobility on the roads, the Europeans were pulling out of the damage of the Second World War and generally avoiding conflict and becoming prosperous to the point where a farmer could leave the tractor on the farm and drive his BMW, Peugot, Jaguar or Alfa Romeo from his home in the village to work in the fields. So the demands on European tractors got more like those of U.S. tractor.

While these changes were going on, South America was getting to be a bigger part of the world market, thanks to a U.S. president who did some stuff with grain embargoes and Olympic games.

Demand for modern tractors grew in South America, because a new world grain market was created, and the buyers didn't care where it came from. Australia got into the act, too. Some Middle Eastern governments diverted some oil profits into making their deserts bloom, and needed tractors to do it.

The Japanese and other Asians also used tractors in a sort of European way, but they tended to make them even smaller, and adapted to slogging through rice paddies. They served as great chore tractors in other lands.

Some governments, notably in South America, also decided they could demand that things sold in their country be made in their country. Tractor builders put factories in different countries, to keep the locals happy.

Meanwhile, tractors started seriously cruising U.S. highways during the last decade, because many family farms were sold off and the remaining farmers found themselves moving between disconnected fields, often miles apart. They mimicked the European farming system.

Technology enters the picture. The weirdly American use of gasoline as a farm fuel faded. Diesel became dominant, as it was in the rest of the world. Front wheel assist systems on tractors became vogue in the damp climates of Europe and the rice paddies of Asia, and proved to be useful in North America. Monster 4-wheel-drive tractors from the Great Plains started making sense in some other parts of the world, like South America, Australia and the Middle East.

The end result of all these changes was development of "world" tractors. Change the dashboard decals to compensate for a different language. Use metric dimensions on the gauges, along with the English-system markings. Add enough doors and roof openings and bracing to the cabs to meet the safety and noise laws of every nation on Earth.

Then, find the production site that makes the most economic sense in terms of labor skill levels and availability, wage rates, government incentives, and the other factors that go into making any product. Build engines on 1 continent, axles on another, cabs on a third and assemble it all on a fourth...and you have a modern tractor.

Who's to say how you figure out "production" data for an individual nation? What part of stew is the potato, and what part is the pea? Do you figure it by weight or volume or contribution to the goodness of the whole

(See NOTEBOOK, pg. 24)

INDUSTRY UPDATE

Case Simplifies World Structure

RESPONDING to market slumps and a perceived need for more efficiency, the J I Case division of Tenneco has restructured its worldwide operation and shuffled some top management.

"The company recognizes that we are in some very difficult times in terms of the markets we serve," said a Case spokesman. "This structure will save money, make us more efficient and bring a better focus, particularly to our European operation."

The new structure gives the company 4 major units to handle business around the globe. Case sales in 1990 were about $5.4 billion.

In North America, Case will retain a management distinction between agricultural and construction equipment, but will combine those market thrusts in Europe and the rest of the world. Functions of the former Parts and Components Group will be parceled out to other units.

Case will create an Agricultural Equipment and Components business unit for North America, headed by general manager Gary L. Tessitore, who was general manager of the former Agricultural Equipment Group.

Also serving North America will be the new Construction Equipment and Parts unit, headed by Richard L. Wambold, formerly head of the International Business Group.

The North American units will handle the engineering and management for their respective product lines.

Richard W. Krant, general manager of the now-defunct Parts and Components Group, will become managing director of Case Europe, a new unit responsible for ag, construction and parts, handling all marketing, sales, manufacturing, purchasing, parts distribution and credit functions in Europe, where the company has 12 manufacturing plants and foundries and a substantial market share.

Responsibility for the world outside of North American and Europe will fall to Vickey L. Rickey, former marketing vice president in the agricultural equipment group, who will take the title of senior vice president of the International Business Group. □

EMI Flash Report

Nosedive Continues

SALES continued a double-digit nosedive in the agricultural machinery market in April, according to the flash report of the Equipment Manufacturers Institute. For the first 4 months of the year, the only glimmer of hope was in the mere 2 percent drop in combine sales during the traditional off-season for harvesting equipment sales. Field inventories remained bloated. □

U.S. - UNIT RETAIL SALES

Equipment	April 1991	April 1990	% Change	January-April 1991	January-April 1990	% Change	March 1991 Inventory N.A. Factory & U.S. Field
Farm Wheel Tractors:							
2-Wheel Drive							
Under 40 HP	4,462	5,559	(19.7)	10,560	13,827	(23.6)	41,983
40 & Under 100 HP	3,468	4,678	(25.9)	10,641	12,879	(17.4)	25,949
100 HP & Over	2,310	2,848	(18.9)	7,941	8,872	(10.5)	13,515
Total 2-Wheel Drive	10,240	13,085	(21.7)	29,142	35,578	(18.1)	81,447
Total 4-Wheel Drive	570	684	(16.7)	1,346	1,815	(25.8)	2,876
Total Farm Wheel Tractors	10,810	13,769	(21.5)	30,488	37,393	(18.5)	84,323
Combines:							
(Self-Propelled)	654	754	(13.3)	2,308	2,356	(2.0)	6,030

Canadian Market: Gloomy Report

APRIL sales figures north of the border were no better than elsewhere on the continent, with the Canadian Farm & Industrial Equipment Institute reporting downturns in all sales categories except for shear bar forage harvesters. □

Canada Report
Retail Sales In Units

EQUIPMENT	April 1991	April 1990	% Chg.	April/Ytd 1991	April/Ytd 1990	% Chg.
FARM WHEEL TRACTORS						
2WD under 40 H.P.	267	363	-26.4%	635	983	-35.4%
2WD 40-00 H.P.	694	726	-4.4%	1,703	2,066	-17.6%
2WD 100 H.P. & Over	244	359	-32.0%	688	927	-25.8%
Total 2WD	1,205	1,448	-16.8%	3,026	3,976	-23.9%
Total 4WD	178	182	-2.2%	380	578	-34.3%
TOTAL FARM WHEEL TRACTORS:	1,383	1,630	-15.2%	3,406	4,554	-25.2%
COMBINES						
Self Propelled	45	64	-29.7%	156	217	-28.1%
Pull Type	1	7	-85.7%	6	22	-72.7%
BALERS						
Rectangular Balers	30	75	-60.0%	108	186	-41.9%
Round Balers	136	288	-52.8%	371	572	-35.1%
SWATHERS						
Self Propelled	16	29	-44.8%	36	86	-58.1%
Pull Type	10	12	-16.7%	36	61	-41.0%
FORAGE HARVESTERS						
Shear Bar Type	39	25	56.0%	94	76	23.7%
MOWER CONDITIONERS	149	166	-10.2%	387	397	-2.5%

Lawn & Garden Product Sales Lumpy

While retail sales in the lawn and garden products and services market grew at an average annual rate of 7 percent from 1985 to 1990, the market has been anything but steady, notes a report from a research firm.

Retail sales were about $15.9 billion in 1990, showing growth of 6 percent. That came after 5 percent growth in 1989. But growth was only 1 percent in 1988, after hovering around 10 percent in 1987 and 1986.

The firm notes the strong linkage between housing starts and sales in lawn and garden products and services, which are seen as an early casualty when disposable income shrinks due to recession.

Further analysis of the market is available in a 200-plus page report priced at $1,750 from Packaged Facts, 581 Avenue of the Americas, New York, NY 10011. □

Deere Makes Money In Second Quarter

Deere & Co. reported net income of $73.1 million (96 cents a share) for the second quarter of 1991 ending April 30. That was down from record net income of $144 million in the same quarter of 1990.

The company said worldwide production was down 14 percent and net sales and revenues were down 9 percent to $1.925 billion in the second quarter of this year, compared to $2.118 billion in the second quarter of last year.

"Our production was lower in response to lower retail demand and to facilitate our planned reduction of company and dealers' inventories during the year," said Hans W. Becherer, chairman and chief executive officer. "Dealer and company-owned inventories normally increase seasonally during the first 6 months of the year. However, the seasonal buildup this year has been much less than during the first half of last year because of the lower production. Additionally, the company's North American dealers' inventories of large tractors and combines, as a percentage of the last 12 months' retail sales, are significantly lower than the rest of the industry."

He said Deere's retail sales in the first 2 quarters of 1991 were higher than in 1990 in agricultural equipment, but sales were down for industrial and lawn-and-garden equipment." □

Ag-Chem Equipment Plans Expansion

Ag-Chem Equipment Co., Inc., has announced it has entered into an agreement to purchase property (subject to an environmental study) in Southaven, Mississippi for a new Action Center. The site is 7 miles southwest of the Memphis International Airport.

Construction of the 12,000 square foot Parts and Service Center will begin this summer, and it is expected that occupancy will take place this fall. The company currently has 12 company-managed centers across the country. □

Gehl Sees Results Slump

Gehl Co. reported sales for the first quarter of 1991 were $29.8 million, down 24 percent from $39.4 million in the first quarter of 1990. Agricultural division sales were